

Service Date: October 1, 1981

DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

IN THE MATTER of the Application of	)	UTILITY DIVISION
PACIFIC POWER & LIGHT COMPANY for	)	
Authority to Adopt New Rates and	)	DOCKET NO. 81.9.81
Charges for Electric Service Reflec-	)	
ting Regional Act Power Exchange.	)	INTERIM ORDER NO. 4843

FINDINGS OF FACT

1. On September 18, 1981 the Pacific Power & Light Company (Applicant or PP&L) filed with the Montana Public Service Commission an application for authority to adopt new rates and charges for electric service furnished in the State of Montana. The application provides for a rate credit estimated to reduce annual rates for residential customers by an average of 16.7 percent, with similar reductions to customers served under other rate schedules qualifying under the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 (Regional Act) This credit will result in a reduction of at least \$1,475,000 in annual revenues.

2. The proposed decrease reflects savings achieved by PP&L as a result of the implementation of a power exchange with the Bonneville Power Administration (BPA) pursuant to the Regional Act. PP&L expects to commence the exchange on or about October 1, 1981.

3. The proposed rates are designed to pass through to qualifying customers the savings flowing from the exchange agreement. In as much as the pass-through results in rate decreases only, the Commission finds that it is appropriate to immediately approve rates that will recognize the cost savings.

4. Applicant's proposal would apply a .5604/kwh credit to all residential consumption. The Commission, however, does not feel it would be appropriate to decrease charges for consumption in the tail block at this time. The Commission finds instead that the Company should file tariffs creating a new middle block of consumption for the residential class. The middle block shall consist of monthly consumption of from 301 kwh to 1300 kwh in the

winter and from 301 kwh to 600 kwh in the summer. The Commission finds that the savings credit should apply to the initial block and the new middle block only.

5. The Commission finds that a credit should be applied to consumption in the initial block at such a level as will result in a 16.7 percent reduction in revenues from initial block consumption. 16.7 percent is the overall average reduction in residential revenues attributable to a pass-through of the power exchange cost savings. A rate should then be developed for the middle block such that when the remainder of the eligible savings is credited to the charges for that block, the total revenue requirement for the residential class is achieved. There should be no seasonal differential for the middle block rate.

6. Application of Applicant's Schedule 98 will result in the cost savings being passed through to the initial and middle blocks only as described above if the following rates are adopted in Schedule 7.

Winter

0 - 300 kwh	2.1524
301 - 1300 kwh	3.2324
greater than 1300 kwh	4.5584

Summer

0 - 300 kwh	2.1524
301 - 600 kwh	3.2324
greater than 600 kwh	4.1954

Application of the uniform .5604/kwh credit in Schedule 98 would pass the cost savings through to the first two blocks while keeping the net charge for tail block consumption at the same level it was at prior to any exchange agreement.

7. By approving these rates on an interim basis herein, the Commission has not at this time made any findings or determinations concerning the Applicant's cost of service. A review of the Applicant's cost of service as it relates to the power exchange agreement will occur at a later date in conjunction with consideration of Applicant's most recent general rate case, Docket No. 81.8.70.

CONCLUSIONS OF LAW

1. Applicant, Pacific Power & Light Company, is a corporation providing electric service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. The rates and rate credits approved herein are a reasonable means of reflecting the impact of the power exchange agreement at this time. The resulting rates are just, reasonable and not unjustly discriminatory. 69-3-201, MCA.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Applicant, Pacific Power & Light Co., is hereby granted authority to implement modified rates and implement rate credits in the manner described in the Findings of Fact portion of this order, for qualifying customers on an interim basis, pending final review by the Commission.

2. Applicant's proposed modifications to schedules 14 and 24 of its tariffs are approved. Applicant's proposed Schedule 98 is also approved. Applicant shall also file a revised Schedule 7 containing the rates and blocks set forth in Finding of Fact No. 6.

3. Schedule 98 and revised Schedules 7, 14 and 24 are approved conditional upon the Applicant having commenced its Montana exchange as provided by the Pacific Northwest Electric Power and Planning and Conservation Act, Public Law 96-501. Said tariffs are to become effective at the time of commencement of such power exchange.

DONE IN OPEN SESSION this 29th day of September, 1981 by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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JOHN B. DRISCOLL, Commissioner

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules Of Practice and Procedure, esp.38.2.4806 ARM.